APRIL 4, 1966

CENTRAL AMERICA SEES RECORD ECONOMIC GROWTH

TAIWAN'S AGRICULTURE

U.S. FOOD SHOWS IN ASIA

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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Orville L. Freeman, Secretary of Agriculture

Dorothy H. Jacobson, Assistant Secretary for International Affairs

Raymond A. Ioanes, Administrator, Foreign Agricultural Service

Editor: Alice Fray Nelson

Associate Editors: Ruth A. Oviatt, Kay O. Patterson, Janet F. Beal

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Central America Sees Record Economic Growth in 1965

A good year for most cash crops and increased industrial activity brought unprecedented progress to all five Central American Common Market states.

For the five members of the Central American Common Market (CACM)—El Salvador, Guatemala, Costa Rica, Nicaragua, and Honduras—1965 was another year of record growth and continued progress toward economic integration. Intraregional trade, which grew 223 percent between 1960 and 1964, was up another 24 percent.

By this July, end of the 5-year period set for laying its organizational structure, the CACM hopes to achieve the two major goals: a common external tariff and free interchange of almost all products manufactured within the area. The common tariff has so far been set for all but 37 items, and free interchange is already being enjoyed by most manufactured goods.

One of the most important developments in economic integration last year was the signing of a Special Protocol providing for regulation of trade in basic grains (corn, rice, beans, and sorghum) within the CACM and coordination of national grain policies. Before importing from or exporting to outside countries, a member must check to see if any of the other four has a surplus or wishes to import. The Protocol—awaiting approval by member nations—moves toward unrestricted free trade in basic grains. It also calls for establishment of national price stabilization agencies and the first effort toward regional control over prices, a Common Market Coordinating Committee for Market and Price Stabilization.

The CACM is now tackling two major problems: a practical regional industrial policy and a customs union. As a first step toward solving the former, a Central American Commission for Industrial Coordination has been formed to study the need and best location for new industries. No date has been set for establishment of the customs union—calling for free circulation of all goods, unrestricted personal travel within the area, and a supranational customs administration—but the hope is this will be accomplished by 1970.

A brief look at the economy of each member state of the Central American Common Market follows.

El Salvador's Foreign Trade Hits Record But Cotton Faces Third Poor Crop Year

Steady progress remained the keynote of El Salvador's economy for the third consecutive year in 1965. As both agriculture and industry continued their drives toward diversification, foreign trade reached an alltime high of $386.6 million.

Of total exports valued at $187 million, coffee and cotton still made up an overwhelming proportion—71 percent. Exports of "other products" made up the major portion of the increase over 1964's $178.2 million, showing the importance of the country's diversification programs. For example, in the first 6 months of 1965, exports of vegetable oils, chemical products, and miscellaneous manufactured goods rose 44, 43, and 24 percent, respectively, from the corresponding period of 1964. Imports were a record $201 million, but the rate of increase dropped to only 5 percent from 26 percent in 1964.

Trade with other members of the Central American Common Market continued to increase as El Salvador led the five in both imports and exports within the region. Estimates place the U.S. share of the Salvadoran market at the usual 33-35 percent of recent years.

Top problem on El Salvador's economic scene is the prospect of a poor cotton harvest for the third consecutive year. Preliminary estimates now place the 1965-66 crop at 220,000 bales (480 lb. net), 37 percent below 1964-65 output, mainly because farmers have been unable to control insect damage. If the problem is not solved soon, the combination of another poor crop, high local costs of production, and continued weakening of the world cotton price will likely cause many cotton farmers to plant other crops next year. Problems with the cotton crop have led to some fear that the country's flourishing vegetable oil industry may be affected by insufficient supplies of cottonseed.

However, the situation with other major crops is more favorable. A predicted drop in coffee production, coupled with the recent waiver of 225,000 bags granted El Salvador by the International Coffee Council, has apparently dissolved government fears of a burdensome surplus at the end of the current crop year. The increase in the U.S. sugar quota and a rapid rise in domestic consumption has practically eliminated the sugar surplus problem. Sugar production in 1966 is now estimated at 115,000 metric tons, an increase of 5 percent over the previous year.

Corn production in 1965-66 is now estimated at 213,900 metric tons which, if realized, will surpass 1964-65 output by 12 percent for a new record. The effects of last summer's drought were not as severe as anticipated, and a marked increase in corn plantings has occurred on lands previously planted to cotton. Despite rising production, corn imports are expected to remain high because of increasing consumption. Imports rose 189 percent to 73,216 metric tons in 1964-65 and are estimated at about 71,000 tons in 1965-66.

Agriculture Increases Its Contribution To Guatemala's Gross National Product

Guatemala ended 1965 with an estimated increase of about 4.4 percent in gross national product, rounding out a third consecutive year of prosperity. Agriculture, industry, and commerce all shared in the growth, with agriculture increasing its contribution to GNP by about 3 percent to roughly 28 percent of the total. However, because of a worsening trade imbalance, growth in GNP in 1966 will probably be lower than in the past 3 years.

The United States continued as top market for Guatemalan coffee, taking 62 percent of the 1.3 million bags (132 lb.) exported. Although exports from the 1964-65 crop were down 13 percent from a year earlier, they are expected to rise to 1.56 million bags in 1965-66. However, if Guatemala is to remain within its export quota, a substantial amount of the new crop may have to be retained.

Current estimates place 1965-66 cotton production at about 350,000 bales, up 12 percent from the previous year. According to industry sources, about 90 percent of the crop has been contracted at prices from 25.75-26 cents per pound, f.o.b. steamer, for Middling 1-1/16 inches— a decline of about 1 cent per pound from prices received for the 1964-65 crop.

The 1965-66 sugarcane crop is expected to yield 165,000 short tons of sugar, an increase of 12 percent from the 147,000 tons produced the previous year. An estimated 108,000 tons will be consumed domestically.

The two slaughter plants which are approved by the Guatemalan Government to export meat shipped 11.9 million pounds of frozen, boneless beef in 1965. In January, the 1966 beef export quota was set at 12.1 million pounds.

Guatemala's balance-of-payments deficit on current international account grew sharply last year. Although no official figures are as yet available, it is estimated that imports totaled at least \$220 million and exports about \$180 million, with the resulting trade deficit almost double the 1964 level. The United States accounted for 42 percent of January-June imports, compared with 44 percent in 1964. The country's trade balance within the CACM remained favorable.

Imports of luxury goods continued at record levels throughout the year, and many new industries—granted exemption from import duties—are assembling imported, semimanufactured goods into consumer goods.

Official U.S. trade missions from Puerto Rico, Alabama, and Mississippi visited Guatemala in late 1965, generally with favorable results. Trade groups from Italy, West Germany, and France were also in the area seeking new business.

The U.S. Agency for International Development (AID) continued to be active in Guatemala last year. As a result of AID recommendations, a reporting service was established to disseminate wholesale-price and market-condition information throughout the country. AID specialists participated in a course on swine production, delivered a report on rice production, and helped train specialists in crop forecasting. Progress was also made in the 25-year-old rubber project and in furthering deciduous fruit production in the highlands.

Nicaragua's Rise in Income, Exports, GNP Traced to 1965's Record Cotton Production

Primarily because of its record cotton crop, Nicaragua can call 1965 its best economic year, with growth in gross national product of about 5 percent and an estimated 4-percent rise in real per capita income.

Cotton also takes credit for last year's 17-percent rise in exports, which reached a new peak. The value of cotton exports climbed from \$51.4 million in 1964 to \$66 million in 1965, while those of cottonseed rose from \$6.5 million to \$8.6 million. Together, these two commodities accounted for 52 percent of total exports. The only other major gain was in coffee, which went from \$21.3 million to \$25.5 million. Shipments of bananas, because of wind damage, were only one-third their 1964 level, and those of soluble coffee one-half. Sugar and meat exports were also down.

Imports in 1965 rose even more than exports—soaring 27.3 percent—and will probably continue upward in 1966. Although imports of agricultural equipment should continue strong, those of agricultural chemicals may be affected somewhat by the recent installation of fertilizer-mixing plants.

The outlook for agricultural production and exports in 1966 was dimmed somewhat by drought in late 1965. However, any decline in agricultural exports will be compensated to some extent by a rise in construction activity and industrialization.

Despite the drought, Nicaragua should have its second largest cotton crop in history—450,000 bales compared with 550,000 in 1965. Although more acreage was planted to cotton, yields have been down. Negotiations are now underway for the opening of a market in Spain with an initial sale of 150,000 bales.

Coffee berries appear smaller this year as a result of the drought, and since 1966 is a down year in the coffee cycle, production is likely to decrease. Because of dry weather, a decline is also probable in sugar production. As a result of the new U.S. sugar legislation, Nicaragua has been granted a substantial quota providing an assured market over a period of years at a stable price well above the current world market price.

The Government of Nicaragua has begun a massive program of agricultural diversification, primarily to reduce the need to import basic foodstuffs. To this end it is requesting a \$10.8 million loan from the Inter-American Development Bank, and the Ministry of Economy is reportedly drawing up legislation to provide incentives like tax rebates. The new coffee policy announced in December 1965 is designed not only to increase yields, but to replant marginal coffee lands with such basic food crops as corn, rice, and beans.

Under the "Dairy Plan," the Ministry of Public Works is planning to begin construction of about 60 miles of new roads within the next few months. These roads will be built to stimulate dairy farming in the Departments of Matagalpa, Boaco, and Chontales. The project is being financed largely by a \$12-million loan from the Inter-American Development Bank.

Costa Rica's Trade Deficit Doubles Despite Good Outturns of Its Major Export Crops

Record prosperity was in order for Costa Rica in 1965 as banana export earnings continued to increase, sales were running more than 10 percent above previous records, the cost of living fell about 1 percent, and prices remained stable.

Costa Rica's overall imports were up about 30 percent, and those from the CACM, largely food, doubled. In the second half of the year, most rapid increases were registered by imports of capital goods for agriculture and newly established import-substitution industries. Imports have risen 40 percent and exports only 23 percent since 1963.

For January-September 1965, Costa Rica's trade deficit of $42 million was double its level for the comparable period of 1964. The drop in export earnings for the 1964-65 coffee outturn—lowered because of a volcanic eruption—and the rapid increase in imports financed by public and private foreign investors explain the sharp deficit rise.

Banana plantings have been increasing about 10 percent annually, and 1966 exports are expected to rise by nearly 20 percent. Sugar and cacao output may be reduced because of unusual December rains, but sugar production will still be more than adequate to meet domestic needs and the U.S. quota. Production of milk and milk products continued to expand, and by the end of 1965, more than 600,000 pounds of surplus butter were in storage.

The U.S. share of Costa Rican imports has been falling off as other suppliers try to gain a portion of this traditionally U.S.-dominated market. From 48 percent in 1963 and 45 percent in 1964, the U.S. portion dropped to only 40 percent in the first 6 months of 1965. Mexico, France, Japan, and the United Kingdom are among the most active countries seeking markets in Costa Rica.

Last year was the third consecutive one of inadequate rainfall in Costa Rica's northern region, the major area for beef, corn, rice, and beans. Because of the drought, increased imports of grains and beans will probably be needed during 1966. Beef production and export will likely be reduced despite emergency efforts to dig wells and provide hay-making equipment. Cotton and grain sorghum were also affected by the dry weather.

In contrast, output of major export crops was good. The 1965-66 coffee harvest, which got underway late in the year, is expected to yield about 1 million bags (132 lb.), a 21-percent increase over 1964-65. Trees in the area of the volcanic eruption have completely recovered, and the 1966-67 output could be a record.

Higher Exports of Farm Products Reverse Honduras' Unfavorable Balance of Trade

The positive factors in the economy of Honduras last year considerably outweighed the negative, allowing this country, like all its fellow CACM members, to achieve an unprecedented growth rate.

As in 1964, the principal contribution was increased income from agricultural exports—with the 50-percent rise in banana shipments accounting for almost 45 percent of the total rise in agricultural income for the year. Shipments of all other major export items, except cattle and lumber, registered increases, and major expansion was initiated in the sugar industry.

Growth in gross national product is estimated at 8.2 percent, exceeding the previous year's 6.5 percent, and real per capita income rose by about 4 percent. Indications are that the economy will continue this expansion in 1966, and with favorable crop and market conditions, could even exceed last year's record.

Preliminary estimates of exports and imports show that Honduras in 1965 had its first favorable international trade balance since 1962. Mainly because of increased industrial activity, imports increased by about 19.5 percent, but exports rose about 30 percent. Trade with the other CACM countries rose sharply and now amounts to nearly 20 percent of Honduras' total foreign trade. According to Central Bank estimates, exports to these countries increased 37 percent and imports from them rose 43 percent.

An otherwise good year for agricultural production was marred only by adverse weather in the final quarter of 1965. Heavy rains affected all agricultural activities in the northern and western parts of the country, while prolonged drought in the south and southeast destroyed corn and bean plantings and reduced coffee yields.

A rehabilitation and expansion project by the major producer and exporter of bananas in Honduras raised banana exports to 17 million stems—exceeding even the most optimistic forecasts of a year ago. Shipments in 1966 are projected at 18 million to 19 million stems.

Although the coffee harvest was delayed because of heavy rains, coffee exports in the last 3 months of 1965 were double their level for the same period a year earlier. However, officials do not anticipate a substantial increase in 1965-66 exports compared with the 404,093 bags shipped out in 1964-65. The new crop is expected to be of higher quality than last year, since the drought followed by heavy rain has produced an excellent bean. A decision on Honduras' request for a quota increase from 285,000 to 500,000 bags of coffee has been delayed by the International Coffee Council until May.

With drought, insect infestations, and a shortage of pickers, cotton output in 1965-66 is estimated at 45,000 bales, compared with 50,000 bales in 1964-65. Exports are estimated at 44,000 bales against 47,000 the previous year. Prices for the 1965-66 crops are almost 100 points lower than last year, but cottonseed prices have risen from $65 to $70 per ton (f.o.b.). This may be the last year that all cottonseed is exported, as a processing plant is being built.

Prospects for a good second crop of corn were dimmed by the heavy rains, bringing a strong possibility of reduced supply and higher prices by June 1966. Drought has substantially lowered bean yields in the major producing area, raising prospects of higher prices and reduced exports this year. On the brighter side, the AID-supported seed improvement for corn, beans, and sorghum graduated from a pilot to a regular project, and $200,000 is being invested in a project to produce corn and other grains on a large scale in the Sula Valley.

Honduras is just about self-sufficient in sugar, and plans are being made to export to the United States in 1968 under the new quota of 4,218 tons per year. Despite a rise in exports of chilled and frozen beef, the overall growth in the livestock industry last year was moderate because of reduced shipments of live cattle. Production of cigarette tobacco in 1965-66 will be lower than in 1964-65 because of a 20-percent decrease in acreage, but that of Havana leaf could equal 1.5 million pounds, up 50 percent.

Agriculture in general will benefit greatly from the farm-access road program planned for this year with the help of a $5.4-million AID loan. Reconstruction and improvement of the country's main port, Puerto Cortes, is also tentatively slated to begin some time in 1966. In October 1965, the Honduran Congress approved a loan of $150,500 from the Central American Bank for Economic Integration to study the possibility of building a road to provide the potentially rich Olancho area its first direct connection with a seaport.

A Look at Taiwan's Agriculture
—past achievements, future goals

Taiwan, one of the most rapidly developing countries of the Far East, has behind it an impressive history of agricultural growth and improvement.

Its several agricultural accomplishments include sustained growth in food production, whirlwind expansion in export crops, and completion of a land reform program that has all but banished the oppressive system of land tenancy. These in turn are reflected in such general economic achievements as 10 straight years of 6- to 7-percent increases in the gross national product, a greatly improved foreign exchange position, and gradual emergence from U.S. aid. (U.S. aid to Taiwan was officially ended June 30, 1965.)

Having come this far, Taiwan looks forward to a future of refining past undertakings, stressing more sophisticated aspects of agricultural development, and clearing up such problems as unemployment and low labor productivity.

Food output climbs

Through 1965, agricultural production had continued its steady growth of the past several years. The index for Taiwan's overall farm production had risen to 123 from 121 in 1964 (1957-59 = 100). Output of food crops was about keeping pace with the exploding population growth rate—one of the world's highest at 3 percent per annum—as rice (the country's major staple crop and a big export), fruits, vegetables, pulses, and meat continue to move ahead briskly. Production of specialty export items was still moving ahead.

Such production advances have made possible sharp gains in Taiwan's agricultural export trade, which even today accounts for more than half the country's total foreign exchange earnings despite a substantial shift toward industry and exports of manufactures. In 1964, for instance (1965 data not available), the nation's total farm export trade hit $247.6 million—more than 52 percent above the $188 million in 1963 and 2.4 times 1962's $105 million. Largest market continued to be Japan, taking much of Taiwan's sugar, bananas, and rice, as well as several other farm exports.

Though sugar continues to be the mainstay of Taiwan's total export trade providing more than 29 percent of the earnings in 1964, its share is being eroded by numerous new items—a change planned by Taiwan to decrease its dependence on sugar and rice.

These new products—many of which support related processing industries—include bananas, former big export that has been rejuvenated, pineapples, mushrooms, onions, and several other fruits and vegetables. Viewed separately, each of these has made striking export gains.

Banana exports, for instance, rose 250 percent from 1963 to 1964, to around $30 million and to second place among Taiwanese agricultural exports; they are now estimated to have jumped another 100 percent in 1965 to $60 million. These gains were made possible by the 1963 liberalization of import regulations in the major market—Japan—along with improvement in Taiwan's production techniques and marketing setup.

Canned mushrooms—nonexistent as an export in 1957—today earn more than $16 million in foreign exchange, with Taiwan far the largest exporter of this specialty item.

Pineapple products—canned slices, chunks, pieces, juice, and mixed juice—have shown a similar dynamic growth. Totaling only 100,000 cases in 1952, shipments of these products had risen to 3 million cases by 1964, making Taiwan the world's biggest exporter of canned pineapple.

Other major exports are tea and citronella oil, while exports just now developing include asparagus (for canning), sunn hemp (for making high-quality paper), silk, sisal, flax, and hundreds of kinds of medicinal herbs.

Forces behind growth

A stimulant to this agricultural growth was the country's land reform program—begun in 1949 and completed in 1963—which dropped the number of tenant farmers from around 40 percent of the rural population to 15 percent and gave these basically forward-looking people added incentive. Now enjoying higher earnings and elevated social status, Taiwan's former tenant farmers are helping the economy in general through their increased buying of farm supplies and consumer goods, their use of modern production techniques, and their growing participation in community activities.

Actual expansion, on the other hand, was greatly aided by U.S. technical and financial assistance, administered in part through the China-United States Joint Commission on Rural Reconstruction (JCRR). Since its establishment in

Right, U.S. technician explains to students effects of tree-planting on mountain slopes. Below left, agricultural trainee keeps egg records, and right, pest control on pineapple estate. Opposite page, balancing his produce baskets farmer moves through field of sugarcane.

1948, JCRR has helped bring such advances as a 50-percent increase in rice yields, control of the pineapple-attacking withering disease, and introduction of superior varieties of bananas, mushrooms, and onions.

JCRR has also helped maximize land use through experimenting in and promoting intercropping, crop rotation, and farming on marginal soils. Virtually all of Taiwan's new export crops are grown in one of these ways. Pineapples, for instance, are grown on river beds, land with very high stone content, slopeland, and other areas considered too acidic for most crops.

Also, the Taiwanese have achieved some dramatic production gains by improving marketing and pricing procedures. A case in point is banana production, which had long been static because of lack of market outlets and low returns to growers.

Encouraged by expansion of the Japanese banana market, the Farmers' Associations and the Taiwanese Fruit and Vegetable Market Cooperatives in 1963 formed a union to handle banana exports and to eliminate functions of the middlemen who had been cutting into growers' profits. In addition, the trade updated its shipping procedures and set up a new pricing system aimed at increasing banana production in winter and decreasing it in the former overproduction periods of spring and summer. As a result, Taiwan's growers now receive 70 percent of the profits from sales as opposed to 50 percent before 1963, devote more money to research, and are producing twice as many bananas as in 1963.

These and the many other agricultural and industrial developments have helped cushion the impact of U.S. aid's withdrawal last summer and attracted investment from U.S. companies and other nations.

They have also made possible growth in U.S. dollar exports to Taiwan. In 1960, the United States shipped some $58 million worth of agricultural goods to Taiwan. All but $14 million of these moved under U.S. Government programs. Just 4 years later, the United States shipped Taiwan some $80 million worth of farm products, over half of which entered through commercial channels; $3 million under Title IV, the stepping-stone to dollar sales; and $25 million under Title I.

Biggest U.S. items going to Taiwan are wheat, soybeans, feed grains for the expanding livestock industry, and cotton for the important textile industry.

More challenges to come

Looking to the future, however, Taiwanese planners and farmers see many agricultural problems yet to be solved and some additional ones threatening to develop. The eradication of most of these will require more painstaking research, more money, and more human effort than ever before, and the results will not be so impressive or dramatic as in the quick-result stage of development.

Furthermore, agricultural interests must now be subordinated to industry—an area in which the nation is still sorely behind and a deficiency which the Taiwanese feel keeps their country an "underdeveloped" nation.

In the light of these facts, the Taiwan Government in its fourth plan (1964-67) is working for an annual agri-

cultural growth rate of about 4 percent, with the goal of increasing quantity and quality of products over which the country has a comparative advantage.

General goals of the plan are to boost food output in line with population growth, keeping the caloric intake at 2,400 per day but upping protein intake from 57 grams to 65-70; to continue diversification of agricultural exports with the hope of doubling shipments of commodities other than sugar and rice by the end of the plan; and to develop related industries.

Specifically, the country is attempting to increase production of rice by 60,000 metric tons (brown-rice basis) each year, to double soybean and rapeseed output, and to triple corn production. Livestock production is also to be increased markedly, through feeding efficiency and achieving vertical integration from production to marketing. Hog numbers are to rise to 4.4 million head; dairy cattle, to rise sixfold; and poultry, to more than double.

Still-lingering problems

Specific problems the government hopes to iron out in future years include the low level of labor productivity, the lack of research facilities, and the excessively high domestic prices for needed inputs.

Perhaps one of the problems hardest to overcome is the low labor productivity. Taiwan's dense and rapidly growing population, its small scale of farming, and lack of mechanization tend to prolong this problem. In addition, the scale of farming appears to be shrinking even more because of land fragmentation arising with settlement of estates: When a Taiwanese farmer dies, his already small plot is divided into several even smaller ones; and when owners of those plots die, similar changes occur.

Attempts are being made to increase labor productivity through emphasis on cooperative farming and educating farmers in management; developing rural sidelines such as hog and poultry raising; improving still further the market facilities; and reclaiming for agriculture more slopeland, riverbeds, and other land that is currently nonproductive.

Stress is also being laid on improving and expanding research facilities. In the past, Taiwan has been handicapped in this endeavor by a lack of funds.

Poles Estimate 1965 Agricultural Output As Near-Record

According to selected production estimates of Poland's Main Statistical Office, the country's agricultural production in 1965 was as high as in the record year 1961, if not higher. Indicated "overall output" of agriculture in 1965 is 7.4 percent higher than in 1964, and "marketable output," 8.1 percent higher.

Except for potatoes and sugarbeets, crops were well above those of 1964, and livestock numbers at the end of 1965 were slightly higher than the year before (cattle up 1.4 percent, pigs up 1.2 percent, and sheep up 5.5 percent). Milk production rose 5.6 percent from 1964, to 12.9 billion liters (28.4 billion lb.), and egg production 4.1 percent, to 6.2 billion eggs.

Major production estimates released by the Statistical Office were:

Commodity	1964	1965[1]
	1,000 metric tons	*1,000 metric tons*
Wheat	3,072	3,400
Rye	6,982	8,300
Barley	1,268	1,500
Oats	2,238	2,500
Total	13,560	15,700
Potatoes	48,130	43,300
Sugarbeets	12,574	12,300

[1] Preliminary.

These figures appear to point to a record crop for 1965; but when other production figures are known, total agricultural output may be slightly below that of 1961, which was the best year to date. What the Statistical Office calls the "advantageous" weather of 1965 was not so advantageous for sugarbeets, potatoes, and vegetables and fruits in general.

Per hectare yields for potatoes were down about 9 percent from 1964. So were those for sugarbeets; even the sharp increase in beet area failed to compensate for this yield decrease. The result may be problems in meeting refinery contracts for early 1966.

One concrete sign that the 1965 crop was considerably above the government's expectations is the preliminary plan for basic crop production in 1966, which sets goals that are below the 1965 results. These goals are: Total grains, 14,850,000 metric tons (down 5.4 percent from 1965); potatoes, 42,000,000 tons (down 3 percent); and sugarbeets, 11,800,000 tons (down 4.1 percent).

From dispatch by HAROLD C. CHAMPEAU
U.S. Agricultural Attaché, Warsaw

Europe's Feed Grain Acreage Forecast Up

In Western Europe—the world's largest feed-grain importing area—acreages of feed grains, particularly barley, are expected to be substantially larger in 1966 than they were a year ago. Last fall's late harvest, together with wet planting conditions and the early onset of winter, resulted in reduced winter sowings of barley and wheat. Good snow cover, however, generally provided protection from winterkill.

In France, despite an early spring which allowed planting in February, the March 1 wheat area was 1.6 million acres below that of a year earlier. At least half of this 1.6 million acres is expected to be sown to barley. A similar situation exists in the United Kingdom, where winter wheat acreage is down 24 percent.

In West Germany, 1966 barley acreage is forecast 7 percent higher and oats acreage 6 percent higher, largely at the expense of rye and root crops. Barley acreage in Greece is indicated to be 27 percent larger, with a decline of 12 percent in wheat area. But Portugal's planted acreage of barley is down 23 percent and that of oats 17 percent from a year earlier. Feed grain forecasts for Italy and Spain, both large importers, are not yet available.

1966 Green Report: Progress and Problems on West German Farms

The eleventh annual "Green Report" on West Germany's agricultural situation in 1965, submitted to the German Federal Assembly on February 18, pointed out that West German farmers have continued to meet a large share of the country's food needs.

(About one-third of food and feed needs are met through imports. Direct U.S. exports of agricultural products to West Germany in 1965 were valued at $398 million, compared with $435 million in 1964 and a 1960-64 average of $383 million, making this country the United States third most important market in Europe for these products after the Netherlands and the United Kingdom.)

Both the Report and the 1966 "Green Plan" for farm assistance stress two continuing problems: The drift of agricultural labor from the land to other occupations in labor-short West Germany, and the persistent income gap between farm and nonfarm workers. Although one of the goals of the Common Agricultural Policy (CAP) of the European Economic Community is to improve the farm-income position generally, the German Government will continue its support of domestic farm income.

Green report highlights

In 1964-65 total agricultural production reached a new high, but partly because of unfavorable weather, a decline of 4 to 5 percent is expected in 1965-66. Despite a steady population increase, farmers have held their contribution to total food consumption (excluding production from imported feed) to about 65 percent since 1961-62.

For individual products, the degree of self-sufficiency has shifted markedly in recent years. Domestic production accounts for 100 percent of the fluid milk and 98 percent of the rye consumed in West Germany. Steady uptrends in self-sufficiency have been recorded for sugar, pork, eggs, butter, and slaughter fats, while a drop has occurred in feed grains, beef, cheese, and deciduous fruits.

West Germany's farm labor force has been on the decline since 1950. While total employment increased from 26.2 million in 1960 to 27.1 million in 1965, total farm employment slipped from 3.6 million to 3 million and now accounts for about 11 percent of total employment, down from 13.8 percent in 1960.

West German farm owners have tried to adjust to this tight labor market by substituting capital for manpower. Statistics on construction of farm buildings, purchases of farm machinery, and changes in livestock inventories show heavy investment in recent years. In 1964-65, the equivalent of about 20 percent of the value of gross agricultural production was invested.

Increased production contributed to a 14-percent increase in gross income per farm between 1963-64 and 1964-65. However, considerable income disparity remains within agriculture, as farms vary in size and location.

Per capita net farm income increased 9 percent last year while the "realized wage in agriculture" (net farm income minus allowance for capital and management), which is used in parity calculations, rose only 7 percent. The realized wage in agriculture is compared with the average gross wage of blue-collar workers in mixed agricultural-industrial communities.

Income from farms of 12.5 to 25 acres, which lagged behind the blue-collar workers' income in the parity formula by 35 percent in 1963-64, slipped to 38 percent in 1964-65. Income from all farms of more than 12.5 acres slipped from 21 to 22 percent. However, for farms of more than 25 acres, which are the most important commercial producers, the disparity declined from 17 to 16 percent. Total income to farm operators, that is, not only labor income but income from management and capital as well, is about 10 percent greater than the average wage of comparable blue-collar workers.

The Green Plan

Appropriations for Green Plan measures totaled $625 million in 1965 and are planned at approximately $600 million in 1966, about the level of the past few years. About half the funds are for improvement of farm structure, such as grants for the purchase of land, the transfer of farmsteads out of crowded villages, and land consolidation. A large share of these funds is used for interest subsidies covering various loan programs.

Milk subsidies account for 30 percent of the total 1966 appropriation. The share set aside for milk subsidies was increased from $167.5 million to $175 million, an increase necessary to maintain the German producer target price under European Economic Community regulations.

—David W. Riggs
Foreign Regional Analysis Division
Economic Research Service

Turkey's Trade Deficit Drops 11 Percent

Last year, Turkey reduced its foreign trade deficit to $112.7 million from the $126.6 million of 1964, as exports jumped 12 percent to a high of $459 million and imports rose 6 percent to $571 million.

Major contributors to this improvement were farm product exports, most of which rose from the 1964 level. Cotton, the country's leading foreign exchange earner, climbed $10 million to a high of $98.3 million. Hazelnuts were up $10 million; olive oil, $7.7 million; raisins, $4.6 million; and livestock, $3.7 million. Because of low crop quality, earnings from tobacco remained almost constant at $89.4 million even though the volume of shipments was up 16 percent from the 1964 level.

Only major commodity to show a drop was sugar, down 33 percent in volume and 58 percent in value, to a total of $8.1 million, compared with $11.2 million in 1964.

Major Turkish imports showing changes were cereals, up $20.9 million; fats and oils, down $22 million; and fertilizers, up $12.7 million. The United States, the European Economic Community, and European Free Trade Association countries remained largest suppliers.

Rising in importance as a trading partner is the Soviet Bloc, which took 9 percent more Turkish exports in 1965 than in 1964 for 15 percent of the total and supplied 10 percent of Turkey's imports against 7.8 percent in 1964.

Total U.S. exports to Turkey in 1965 were valued at $165 million, an increase of about $10 million over 1964. Major U.S. agricultural exports to Turkey are soybean and cottonseed oils, wheat, and inedible tallow, the bulk of which move under Title I of P.L. 480.

The Hilton Hotel, above, will be the scene of the first big U.S. processed foods show in Hong Kong; left, Japanese tradespeople sign in at the registration desk at the successful 1965 food show at the Tokyo Trade Center, while above left, they sample soup given them at one of the U.S. firm exhibits.

U.S. Food Industry Alerted to Three Food Shows in Asia

Invitations to participate in three U.S. food shows in Tokyo and Hong Kong will go out shortly to some 2,500 U.S. manufacturers and distributors.

The American Grocery and Specialty Foods Exhibit will be held at the Tokyo Trade Center, Aug. 15-26; the American Food Products Exhibition at the Hilton Hotel, Hong Kong, Aug. 29-Sept. 2; and the U.S. Poultry Trade Exhibit at the Tokyo Trade Center, Sept. 5-13. Consecutive dates will permit U.S. firm representatives to attend more than one event.

Sponsors are the U.S. Department of Agriculture, the Grocery Manufacturers of America, Inc., the National Association for the Specialty Food Trade, Inc., and the Institute of American Poultry Industries.

Both Tokyo exhibits follow earlier food and poultry shows at the Trade Center which proved highly successful in promoting sales of U.S. specialty foods and poultry, securing agents and distributors, and stimulating interest from Japanese tradespeople.

Last year more than 6,000 trade contacts were made by U.S. food firms that participated in the promotion of processed foods at the Tokyo Trade Center. The show was attended by 7,235 Japanese importers, wholesalers, retailers, and food manufacturers. One U.S. exporter said, "I could have spent a whole year in Japan and never approached the number of valuable business contacts I have made at this show."

The Hong Kong exhibit will be the first U.S. processed food promotion on so big a scale in Southeast Asia. Staged in a special display area at the Hilton Hotel in the heart of Hong Kong's commercial community, the exhibit will provide all the services and facilities needed to insure success.

To assure maximum effectiveness in promoting sales in the Tokyo and Hong Kong shows, admission will be limited to the trade only, and a special drive will be made to notify and invite trade representatives in each area.

The Department will furnish each exhibitor floor space and an exhibit structure without charge. The exhibitor will be responsible for providing his own products for sampling and display and will be expected to have a representative—either from the United States or abroad—attend the exhibit full time.

Japan and, following at a distance, Hong Kong are the two top commercial markets for U.S. agricultural products in Asia.

Last year Japan imported nearly $900 million worth—a jump from $334 million in 1959—and Hong Kong is currently importing more than $50 million worth a year. Market surveys indicate Hong Kong is potentially a much larger market because of its rapidly increasing population and purchasing power, and greater availability of refrigeration. It is also an important regional trading center.

Japanese imports of U.S. foods are increasing sharply. Processed food

(Continued on next page)

Changes in West German Feed and Animal Laws Expected to Benefit U.S. Feed Grain Exports

Recent changes in West German regulations covering mixed feed and taxation of animal products—plus growing acceptance of U.S. feed grains—augur well for U.S. exports in 1966, according to a report from Dr. Egon Schoel, former U.S. Feed Grains Council director in Germany.

(Feed grains continue to be a surplus farm commodity in the United States, with the carryover at the end of the current marketing year estimated at 50.0 million metric tons.)

West Germany's imports of feed grains have been growing—from 3.2 million metric tons in 1963-64 to 4.2 million in 1964-65. The U.S. share, too, has risen and last year, at 2.7 million tons, represented more than half of total imports.

Shorter supplies from Argentina and South Africa in the past year have brought U.S. corn to the fore, with the result that many West German feed manufacturers have learned that the softer U.S. corn is fully acceptable for mixed feeds and that it is not necessary to pay a premium for the harder South African and Argentine types. This acceptance is likely to pay off in higher U.S. sales on a continuing basis.

According to Dr. Schoel, West German farmers are expected to use approximately 500,000 metric tons of manufactured feed more annually for the next several years. About half will be in the form of supplements, the balance in complete feeds.

Dr. Egon Schoel, for 4 years USFGC director in West Germany, has just joined a Hamburg feed grains firm.

"The volume of potatoes, beets, and fodder crops used for feed has trended downward in the past few years," reports Dr. Schoel, "although any further great decreases are not anticipated in the next few years.

"On the other hand," he says, "there is little likelihood that use of these commodities for feed will increase." He notes that five tons of potatoes represent the equivalent of one ton of grain for feeding purposes.

Regulations put into effect in August of last year easing taxation on animal products and the registration of mixed feed ingredients should also benefit for U.S. feed grain sales.

More cattle free of sales tax

Since 1934. West German policy has protected family farms from competition of commercial farm operations. Commercial producers are subject to a 4-percent gross sales tax on volume production over fixed limits.

The new regulations give smaller farmers greater opportunity for expansion by enlarging the number of cattle which can be raised free of sales tax.

Operating on a sliding scale, the regulations require that the bigger the farm, the smaller the proportion of animals that escape the sales tax. However, according to Dr. Schoel, large commercial farmers benefit to some extent "in that only the sales volume of animals, or products produced in excess of the fixed limits are subject to tax." Prior to last August, total production on the farm was taxed past a limited quota.

"While the new regulations do continue penalties against excessive commercial livestock production," he says, "the change is a step forward."

A more recent ruling eases the German Feed Law which required the feed manufacturer to register all mixed feeds for sale with the percentage of each ingredient listed separately. The slightest change in ingredient required a new registration, which took up to 8 weeks to be recognized officially.

Although the German Government continues to enforce the open formula procedure, since November 1965 ingredient "groups" may be registered. For instance, where formerly registration of a unit of mixed feed for swine might show 30 percent corn, 20 percent each of milo and barley, and 10 percent each of wheat bran, barley middlings, and protein concentrate, the new registration is now allowed to show 70 percent feed grains, 20 percent grain byproducts, and 10 percent protein concentrate.

Best buy for the money

The new procedure, by allowing greater flexibility, permits the feed manufacturer to utilize the best buy in the grain market. Therefore, if U.S. grains are cheaper or more available, the manufacturer can adjust his buying accordingly. The feed tag, however, must continue to show exact percentages of all components, as well as a guarantee of protein and fiber content within certain limits.

This should also permit the feed manufacturer to move more rapidly toward linear programing, a technique which allows the manufacturer with the help of a computer to buy the best feed for the least money.

"This move to relax registration requirements," reports Dr. Schoel, "should prove helpful in maximizing the use of corn and grain sorghum."

Three U.S. Food Shows

(Continued from opposite page)

imports trebled from $7.4 million in 1962 to $21.6 million in 1963. Poultry product imports went from $23,000 worth in 1959 to the current figure of about $3 million a year. U.S. frozen chicken parts have become well-established for institutional use, are now becoming popular with homemakers.

There are more than one million neighborhood grocery stores and 8,000 supermarkets. Both types of outlets prefer food packaged in smaller sizes.

Detailed information and application forms for companies wishing to participate will be mailed to the U.S. food and agricultural trade in mid-April. Firms which have not previously received such information should notify: International Trade Fair Division, Foreign Agricultural Service, USDA, Washington, D. C. 20250, telephone DU 8-3509.

Golden Toast distribution in northern Germany.

A small retail shop in Rhine area.

"Golden Toast" Campaign Helps Boost Wheat Bread Sales in West Germany

By Kenneth L. Murray
Assistant U.S. Agricultural Attaché
Bonn, Germany

Bread consumption in Germany, as in so many other industrial countries, has been declining. German people, too, are becoming more conscious of their waist lines. In Germany, the slogan is "schlanke Linie," or slim lines. Also, the quality of the West German diet is steadily on the rise with use of such items as meat and fresh fruits increasing and bread and potatoes decreasing.

Per capita consumption of grain has declined steadily from 220 pounds per year in the early 1950's to a current rate of about 150 pounds, a reduction of almost one-third. Most of the decline has been in rye, consumption of which was cut almost in half to the present per capita figure of about 40 pounds per year. Wheat consumption is also declining, but not as fast as rye; it is now 110 pounds per capita.

A break with tradition

Confronted with the difficult task of promoting wheat consumption in Germany under these circumstances, Great Plains Wheat, Inc., an organization representing U.S. wheat growers, got a new idea. Rather than try to promote the traditional type of bread consumed in Germany—mixtures of white and rye and darker varieties—GPW centered its efforts on developing a market for a new type of wheat flour toast bread.

One does not have to look far for the reasons: U.S. farmers supply high quality wheat to Germany, not rye; and toast bread seemed an area for expansion of wheat consumption.

Although per capita consumption of all breads combined has sharply decreased during recent years, the absolute level of wheat bread consumption has held its own; in relative terms, white bread consumption increased from a share of one loaf in every six eaten by Germans in 1950 to its present one loaf in five.

50 percent U.S. wheat

GPW, which has its European office in Rotterdam, worked out an agreement to cosponsor with German millers and bakers a campaign to promote a new brand-name toast bread: the bread was to contain a minimum of 50 percent U.S. wheat and include on the package a content guarantee to that effect.

GPW agreed to match German bread industry funds needed to initiate the program. To carry out its end of the program, a group of German millers and bakers formed the "Arbeitsgemeinschaft zur Foederung des Toastbrotverzehrs e.V." (Association for Furthering Toast Bread Consumption).

The association originally consisted of 4 large millers and 14 bakers. The bakers served some 22,000 outlets, distributing bread in almost all of West Germany. A fifteenth baker has now joined and further expansion is planned to give better coverage to the growing market for "Golden Toast," the brand name of the association's product.

In the spring of 1963, GPW signed an initial contract with the new association to conduct a 3-month test program in Stuttgart during the fall of that year. The toast bread would not only contain at least 50 percent U.S. wheat. but the brand name "Golden Toast" would be registered.

The Stuttgart campaign proved a real success; the Toast Bread Association was anxious to move on and signed a further agreement with GPW to cover a nationwide campaign.

Special packaging

Most of the bread consumed in Germany is made from a mixture of rye and wheat flour; it is marketed unsliced, without a wrapper. Golden Toast, in cellophane packages with bright yellow wrappers, comes in two sizes: one of a little over one pound and the other about half of that. This was a distinct contrast to the traditional 1-kilo German loaves which many Americans would term "bakery bread." The one-pound-plus Golden

(Continued on page 16)

Rains Hinder Wheat Seeding in France

Considerable rain in February delayed spring plowing and planting of wheat in France. Despite some February seeding, wheat acreage on March 1 was officially reported at 9,226,000 acres, a decline of 14 percent from the 10,779,000 acres of March 1, 1965. This is 8 percent less than the average 1961-65 acreage for the same date.

Although conditions were favorable for planting in early November, and France expected to sow wheat at the preceding year's high level, wet weather since mid-November has continued to hinder planting.

Snow cover protected winter grains from winterkill during severe cold weather in January, and in March most crops were reported in satisfactory condition. March weather was good, and spring field work has progressed. The season is about 3 weeks ahead of normal.

Canada To Cut Flaxseed, Rapeseed Acreages

Canadian farmers intend to plant less flaxseed and rapeseed but more soybeans this year than in 1965, according to the acreage-intentions survey of the Dominion Bureau of Statistics.

Intended acreages are indicative of farmers' plans as of March 1. Acreages actually seeded, therefore, may vary considerably from the intentions, depending upon conditions before and during seeding, availability of good-quality seed, the market outlook, and the possible effect of the report itself on farmers' plans.

CANADIAN OILSEED ACREAGE

Oilseed	Seeded acreage 1963	1964	1965	1966 intentions Acreage[1]	Percent of 1965
	1,000 acres	*1,000 acres*	*1,000 acres*	*1,000 acres*	*Percent*
Flaxseed	1,682	1,978	2,239	2,130	95
Rapeseed[2]	478	791	1,435	1,368	95
Soybeans[3]	228	231	263	275	104

[1]As of March 1. [2]Prairie Provinces only. [3]Ontario only; estimates for Manitoba not available.
Dominion Bureau of Statistics, Ottawa.

Prospective flaxseed acreage is 5 percent below actual seeded acreage in 1965 but 10 percent above the 1960-64 average of 1.9 million acres. The greatest decline—9 percent—is indicated for Manitoba. An increase of 4 percent is expected in Alberta.

Acreage sown to rapeseed, grown in the Prairie Provinces, will represent a decline of 5 percent from the 1965 record but an increase of 120 percent from the 1960-64 average of 622,700 acres, if intentions are confirmed.

Soybean acreage will be 4 percent above that of last year if intentions materialize.

Argentine Exports of Oils and Meals Up

Argentina's exports of vegetable oils and oilseed cakes and meals in calendar 1965 increased sharply from the levels of the 2 previous years. Vegetable oils, at 337,000 metric tons, were up 44 percent from 1964 and 20 percent from 1963. Of this, edible oils, largely peanut and sunflower, rose to 96,000 tons against only 11,000 a year earlier. The small tonnage exported in 1964 resulted largely from reduced production of peanuts and sunflowerseed in both 1963 and 1964.

Exports of linseed oil increased one-eighth, but exports of tung oil declined more than one-third.

Exports of oilseed cakes and meals, at 994,000 tons, increased 15 and 13 percent from 1964 and 1963 respectively. Sunflowerseed cakes and meals increased almost 45 percent over 1964 and linseed by 10 percent.

ARGENTINA'S EXPORTS OF VEGETABLE OILS AND OILSEED CAKES AND MEALS

	1963	1964	1965
	Metric tons	*Metric tons*	*Metric tons*
Vegetable oils:			
Cottonseed	2,228	251	947
Peanut	36,427	489	58,104
Sunflowerseed	4,352	31	31,680
Olive	7,634	9,831	5,142
Linseed	212,865	205,120	229,009
Tung	16,037	18,678	11,927
Total	279,543	234,400	336,809
Oilseed cakes and meals:			
Cottonseed	54,241	73,412	83,927
Peanut	114,766	121,737	117,428
Sunflowerseed	217,335	181,303	260,279
Linseed	490,445	482,562	532,189
Rapeseed	2,878	3,739	—
Total	879,665	862,753	993,823

Comercio Exterior—1963 and 1964; *Estadística Mensual de Exportación de Frutos del País*, 1965.

Tung Oil Shipments From Buenos Aires

January shipments of tung oil (of Argentine and Paraguayan origin) from Buenos Aires totaled 2,207 short tons. This volume, although larger than that shipped in December, was one-fifth below that of January 1965. The United States was indicated as the major destination for January shipments and accounted for 64 percent of the total, against only 35 percent in January 1965.

Cumulative shipments in the August-January period of the 1965-66 marketing year were 7,781 tons, nearly 4,800 tons below those in the comparable period of 1964-65. This largely reflects the reduced oil outturn from nuts of Argentina's 1964-65 crop.

Although the volume moving to the United States is indicated to have declined by more than 2,100 tons in August-January 1965-66, it represents 70 percent of the aggregate tung oil shipments from Buenos Aires in the current marketing year, compared with 60 percent of the total shipped during the comparable period of 1964-65.

The substantial reduction in the volume of South American tung oil shipments to Europe reflects the decline in European prices following the upturn in Chinese offerings. However, the northbound movement of tung oil through the Suez Canal has been less active lately, and in the October-January period of 1965-66, shipments were significantly below those of the same period in 1964-65. In March prices for Chinese tung oil c.i.f. European

ports were fractionally above the low of 19.25 U.S. cents per pound averaged in the November-January period.

TUNG OIL SHIPMENTS FROM BUENOS AIRES[1]

Origin and destination	Dec. 1965[2]	Jan. 1965	Jan. 1966[2]	Aug.-Jan. 1964-65	Aug.-Jan. 1965-66[2]
	Short tons	*Short tons*	*Short tons*	*Short tons*	*Short tons*
Argentina:					
To United States	771	957	306	5,742	1,966
To other countries[3]	315	1,496	771	4,522	2,298
Total	1,086	2,453	1,077	10,264	4,264
Paraguay:					
To United States	441	—	1,110	1,824	3,467
To other countries[3]	14	278	20	491	50
Total	455	278	1,130	2,315	3,517
Total:					
To United States	1,212	957	1,416	7,566	5,433
To other countries[3]	329	1,774	791	5,013	2,348
Grand total	1,541	2,731	2,207	12,579	7,781

[1]Presumed to represent virtually all the tung oil exported from Argentina and Paraguay. [2]Preliminary. [3]Largely to West European countries.

Compiled from shipments data, *Boletín Marítimo,* Buenos Aires.

Italian Almond and Filbert Estimates Revised

Italy's 1965 almond crop is now believed to have totaled 37,000 short tons, shelled basis—7.5 percent below earlier estimates and marginally below the 1964 crop. However, because carryover stocks of old-crop nuts were larger than in the previous season, supplies available for export are larger this season. Exports are forecast at 35,000 tons —up from 28,300 tons in 1964-65.

Filbert production in Italy is now estimated at a record 68,000 short tons, in-shell basis, in 1965—an increase of nearly 20 percent from the earlier figure and more than double the 33,000-ton 1964 crop. Exports are expected to exceed the record 37,000 tons shipped in 1961-62.

Record Australian Canned Fruit Pack

Australia's 1966 canned deciduous fruit pack is forecast at an alltime high of 10 million cases—up 1,524,000 cases from the previous year's record level. Pears and peaches may account for practically all of this increase.

The 1966 canned peach pack has been tentatively forecast at 5 million cases, or 670,000 above the 1965 record. Production was aided by favorable weather and an absence of disease and pest problems.

Exports are forecast to continue their upward trend and attain a new high of 3,500,000 cases, compared with 2,682,000 in 1965. The United Kingdom may sharply increase its imports of Australian canned peaches.

Canned pears are forecast to recover from the short 1965 pack of 2,455,000 cases and total a record of 3,250,000. Reportedly, quality is better than average in spite of some frost and red spider damage.

Exports are forecast at a record 2,400,000 cases—well above the 1965 level of 1,993,000. The United Kingdom has recently been importing nearly 90 percent of Australia's canned pear exports and is expected to approximate that level in 1966.

If the present forecast for canned mixed fruit materializes, the pack may be the largest on record, totaling 1 million cases—a rise of over 100,000 from 1965. Adequate quantities of peaches and pears are reported to be available for dicing as mixed two-fruits or for use in fruit cocktail and fruit salad.

Exports are forecast at a record 700,000 cases against 563,000 in 1965. The Australian industry expects larger imports by the United Kingdom, as well as by certain Middle Eastern and Southeast Asian countries.

The 1966 canned apricot pack is forecast at only 750,000 cases or 48,000 below the previous year's level. Reportedly, brown rot and small-sized fruit in some areas are responsible for the smaller pack. However, total supplies may be greater than in 1965 because of a large carry-in.

Exports are forecast at 250,000 cases—up 40,000 from 1965. As usual, the United Kingdom is regarded as the largest overseas market. Domestic sales are expected to remain strong and approximate the 1965 level of 500,000 cases.

AUSTRALIA'S SUPPLY AND DISTRIBUTION OF CANNED PEACHES

Item	1965	1966[1]
	1,000 cases, 24/2½	*1,000 cases, 24/2½*
Supply:		
Beginning stocks (Jan. 1)	471	919
Production	4,330	5,000
Total supply	4,801	5,919
Distribution:		
Exports	2,682	3,500
Domestic disappearance	1,200	1,400
Ending stocks (Dec. 31)	919	1,019
Total distribution	4,801	5,919

[1]Forecast.

AUSTRALIA'S SUPPLY AND DISTRIBUTION OF CANNED PEARS

Item	1965	1966[1]
	1,000 cases, 24/2½	*1,000 cases, 24/2½*
Supply:		
Beginning stocks (Jan. 1)	634	396
Production	2,455	3,250
Total supply	3,089	3,646
Distribution:		
Exports	1,993	2,400
Domestic disappearance	700	800
Ending stocks (Dec. 31)	396	446
Total distribution	3,089	3,646

[1]Forecast.

U.K. Tobacco Imports Drop 8 Percent

Imports of unmanufactured tobacco into the United Kingdom in 1965 totaled 286.4 million pounds—a drop of 8 percent from 312.6 million in 1964.

A slight increase in imports from Commonwealth countries last year was more than offset by a sizable drop in purchases of U.S. leaf. Commonwealth areas—largely Rhodesia, Canada, and India—supplied nearly 184 million pounds, compared with 181 million in 1964. Their share of the total was 64 percent in 1965, compared with 58 percent in 1964. The U.S. share was only 32 percent in 1965, against 39 percent in 1964. Purchases from the United States totaled 90.9 million pounds in 1965, considerably less than the 123 million of 1964.

Imports of flue-cured in 1965 totaled 263 million pounds, compared with 293 million in 1964. Purchases from the United States were 88 million pounds, down 33 million

from their 1964 level. Imports from Rhodesia, Zambia, and Malawi were 99 million pounds in 1965, compared with 97 million in 1964. On the other hand, those from Canada dropped from nearly 39 million pounds in 1964 to 36 million last year. Imports of Indian flue-cured totaled about 33 million pounds.

U. K. TOBACCO IMPORTS

Country of origin	1963	1964	1965[1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Commonwealth:			
Rhodesia			83,601
Zambia	101,270	104,833	14,182
Malawi			11,793
Canada	32,293	40,059	36,578
India	39,513	35,321	36,187
Jamaica	301	460	675
Others	707	539	822
Total	174,084	181,212	183,838
Non-Commonwealth:			
United States	145,094	122,928	90,865
South Africa, Rep. of	2,945	3,742	7,763
Netherlands[2]	1,585	3,255	3,390
Greece	112	522	364
Turkey	341	877	78
Italy	373	—	—
Others	100	65	142
Total	150,550	131,389	102,602
Grand total	324,634	312,601	286,440

[1]Preliminary. [2]Re-exports.
Tobacco Intelligence, London.

Sudan's Cigarette Sales Rise Sharply

Cigarette sales in the Sudan in 1965 totaled about 1.7 billion pieces, up sharply from the 1 billion sold as recently as 1962. Imports—mainly of British origin—accounted for about two-thirds of total sales.

Until recent years, almost all the cigarettes sold in the Sudan were imported brands. But with the building of new factories, locally made brands have increased their share of the rapidly expanding market. Leaf used in these factories is partly domestic and partly imported. Total imports of leaf for cigarette manufacture averaged over 500,000 pounds annually in 1964 and 1965. The United States supplied 427,000 pounds in 1964 and 320,000 pounds in 1965—all flue-cured. For many years prior to 1964, the Sudan did not import U.S. leaf.

U.K. Butter Import Quotas Announced

The United Kingdom's basic butter import quota for the 12 months beginning April 1, 1966, has been set at 944 million pounds, compared with 941 million during the 1965-66 quota period. The new quota was announced by the President of the Board of Trade on March 10

The basic quota for the Irish Republic has been increased from 29 million to 52 million pounds as agreed under the recent Anglo-Irish trade agreement. The Irish Republic is the only country whose quota was increased. There are no quotas in the new period for South Africa and Kenya, which had quotas of 5 and 4 million pounds respectively during the 1965-66 period. Argentina's basic quota for 1966-67 has been reduced by 9 million pounds. Others are unchanged from the 1965-66 quota year.

The greatest change in the 1966-67 period is the reduction by 55 million pounds in the "extra" quotas which were granted to a number of countries in 1965-66. Additional quotas for 1966-67 total 32 million pounds and must be delivered between April and November.

Total potential imports authorized during the 1966-67 quota year amount to 976 million pounds, compared with 1,028 million pounds during 1965-66. This reduction in total potential imports authorized reflects higher stocks of butter currently available, an anticipated increase in U.K. production, and a desire to reduce cold storage holdings.

Austria's Exports of Dairy Products Rise

Austria's shipments of dairy products in 1965 were considerably above those of 1964.

Exports of dried milk, which have been increasing for several years, continued to expand in 1965 and, at 40 million pounds, were up 28 percent over the preceding year. Sales to the United Kingdom, the most important market, rose 4 million pounds to 23 million. West Germany's purchases were up 2 million pounds to 8 million, and Switzerland's up 1 million pounds to 5 million. Rumania took approximately 2 million pounds in both years, and the USSR, which took no Austrian dried milk in 1964, took slightly more than 1 million pounds.

Cheese exports in 1965 increased 15 percent to a record 25 million pounds, more than 75 percent of which went to Italy. Shipments to the United States, at 2 million pounds, were the same as a year earlier. Switzerland, West Germany, Belgium, and the United Kingdom, taking 1 million each in both years, accounted for most of the rest.

Exports of butter were 13 million pounds, 5 million more than in 1964. The United Kingdom was the largest buyer, taking slightly more than half the total in both years. Others were Italy, Switzerland, and West Germany.

Guatemala Expects Record Cotton Crop

Harvest of the 1965-66 cotton crop in Guatemala will soon be completed. Current estimates point toward record production of at least 350,000 bales (480 lb. net), 12 percent above the 1964-65 crop of 312,000 bales.

Planting conditions for the 1965-66 crop were very favorable, and the entire authorized area of about 250,000 acres was planted. Increased use of fertilizer and scattered showers in November are reported to have delayed maturing of the crop by about 1 month. Labor shortages have been reported and could result in quality deterioration.

Reportedly, the entire 1965-66 cotton crop has been sold. Exports are expected to total about 315,000 bales. Prices for the current crop ranged between 25.75 and 26 cents per pound, f.o.b. steamer, basis Middling 1-1/16 inches—about 1 cent per pound below a year earlier. Conversely, production costs were higher, principally because more intensive insect-control measures were necessary. Domestic consumption of cotton in 1965-66 is estimated at 30,000 bales, about the same as a year ago.

Exports of raw cotton in 1964-65 (August-July) totaled 282,000 bales. Japan continues as the largest foreign customer for Guatemalan cotton. In the January-November period of 1965, Japan took 160,000 of the 293,000 bales exported. West Germany took 26,000, Italy 24,000, Belgium 15,000, France 16,000, Spain 11,000, the United Kingdom 11,000, and Hong Kong 10,000. The remaining 20,000 bales went to about 11 other countries.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

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U.S. Vanilla Bean Imports Up

U.S. imports of vanilla beans in 1965 totaled a near record 2.2 million pounds, 32 percent above the 1964 level. Imports during December were especially heavy, reflecting the last of the 1 million pounds which had to be shipped by the end of the year under the July-December export quota agreement between the United States and the Malagasy Republic.

A new quota arrangement between the U.S. Vanilla Bean and Flavoring Extract Manufacturers Association and the Malagasy Republic, Comores, and Réunion calls for 950,000 pounds to be shipped during February-July 1966. The price will remain at $10.20 per kilogram ($4.63 per lb.), as stipulated in the previous quota arrangements; the advertising rebate has been discontinued.

Vanilla bean consumption in the United States is expected to increase as a result of the new U.S. Food and Drug Administration labeling regulations for frozen desserts (effective Dec. 31, 1965). Three categories were established under the new regulations: Category I, covering ice cream flavored only with natural vanilla; Category II, in which the vanilla flavor may be extended with a synthetic, but the natural must predominate; Category III, comprising purely synthetic flavoring. Flavoring under Category II is becoming the most widely accepted among ice cream manufacturers as long as vanilla bean prices remain at current levels. A sharp increase in these prices would result in a shift to Category III.

WORLD CROPS AND MARKETS INDEX

"Golden Toast" in West Germany

(Continued from page 12)

Toast loaf retails for approximately 30¢ and the smaller loaf for about 16¢. Pound for pound, this is about twice the price of the typical German wheat/rye mixture bread.

A limiting factor in promoting Golden Toast has been the relatively small number of toasters in Germany; only about one German family in four has a toaster. This fact led logically to discussions between the Toast Bread Association and toaster manufacturers to achieve a common goal—to promote toast consumption. The result of the discussions was that the association concluded an agreement with one of Germany's largest toaster manufacturers.

A big German cheese company also cooperated in a joint effort to promote toasted cheese and bread snacks.

In 1964 sales of Golden Toast equaled about 2.5 million pounds. In 1965, sales doubled. The goal for 1966 is 10 million pounds.

Golden Toast is, however, not without competition in the German market. Other brands of toast bread are manufactured in Germany and an estimated 2 million pounds are imported annually from Holland.

The effect of the Golden Toast program goes beyond the direct sales generated by the provision that the bread contain at least 50 percent American wheat. GPW realizes that the association's millers will not buy American wheat in the relatively small lots needed to meet the requirements of the program; such purchases would not be profitable from the bulk-trading point of view. Purchases to satisfy Golden Toast needs would therefore stimulate imports of larger lots to benefit from lower unit handling and shipping cost prices.

American wheat growers, through Great Plains Wheat, Inc., have made a very modest investment, but have gained a stronger foothold in the very important German wheat market through the Golden Toast program. In the meantime the association has established itself as a self-sustaining organization, no longer in need of outside funds.

This is a market development bargain!